

## Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-10 ISO-00 PA-02 PRS-01 USIA-15

AEC-07 AID-05 CEA-01 CIAE-00 CIEP-02 COME-00 DODE-00

FEAE-00 FPC-01 H-02 INR-07 INT-05 L-02 NSAE-00 NSC-05

OMB-01 PM-03 RSC-01 SAM-01 OES-05 SP-02 SS-15 STR-04

TRSE-00 FRB-01 NEA-09 AS-01 /128 W

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R 061340Z FEB 75

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 6466

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY TOKYO

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

UNCLAS SECTION 01 OF 02 PARIS 03212

E.O. 11652: N/A

TAGS: EAL ENRG FR

SUBJECT: FRENCH ENERGY GOALS FOR 1985

1. SUMMARY: NEWLY-SET FRENCH ENERGY GOALS FOR 1985  
INCLUDE SLOWING RATE OF TOTAL ENERGY CONSUMPTION  
INCREASE TO 3 PERCENT PER ANNUM, REDUCTION AND GREATER  
DIVERSIFICATION OF PETROLEUM IMPORTS, INCREASED GAS  
AND COAL IMPORTS, AND SLIGHTLY REDUCED NUCLEAR POWER  
PROJECTIONS. END SUMMARY.

2. FRENCH ENERGY GOALS HAVE BEEN SET FOR PERIOD THROUGH

1985 THROUGH SERIES OF INTERMINISTERIAL MEETINGS HELD  
OVER LAST TEN DAYS AND CHAIRED BY PRESIDENT GISCARD.

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GOALS WILL BECOME INCORPORATED INTO SEVENTH FIVE-YEAR

PLAN, WHICH NOW UNDER PREPARATION, WHERE THEY WILL REPRESENT MAJOR GUIDELINES FOR FRENCH GOVERNMENT AND INDUSTRIAL DECISIONS OVER NEXT YEARS. WHILE THEY CONTAIN NO STRIKING DEPARTURES FROM PREVIOUS FRENCH PROJECTIONS, PLAN GOALS DO SHOW SOME MODIFICATIONS OF PREVIOUS EXPECTATIONS.

3. BASIC ASSUMPTION IS THAT TOTAL ENERGY CONSUMPTION CAN BE CONTAINED AT 3 PERCENT GROWTH PER ANNUM FOLLOWING 1975, RESULTING IN 1985 CONSUMPTION OF 240 MMTOE (4.8 MILLION B/D EQUIVALENT) AS COMPARED TO 1973 CONSUMPTION OF 175 MMTOE. IN PRESENT CONDITION OF ENERGY PRICE UNCERTAINTY, GOF HAS FOUND FIRM PRICE ASSUMPTIONS DIFFICULT TO MAKE. CONSUMPTION PROJECTIONS HAVE BEEN BASED ESSENTIALLY ON 1974 PRICES BUT, AS THEY IN EFFECT REPRESENT POLICY COMMITMENT ON PART OF GOF, ARE SOMEWHAT INDEPENDENT OF PRICE LEVEL IF THAT SHOULD FALL. SUPPLY PROJECTIONS ON THE OTHER HAND HAVE BEEN MADE ON BASIS OF \$7/BARREL EQUIVALENT PRICE CEILING FOR NEW ENERGY SOURCES; SAME FIGURE HAS BEEN USED AS BASIS FOR CONSIDERING INVESTMENTS IN ENERGY-CONSERVING MATERIAL EQUIPMENT.

4. NUCLEAR ENERGY CONTINUES TO BE THE MAIN ALTERNATIVE TO FURTHER RELIANCE ON IMPORTED FOSSIL FUELS. GOF PLANNERS SET AS A GOAL FOR THE NUCLEAR POWER PROGRAM A CAPACITY OF 60 MMTOE/YEAR BY 1985, OR 25 PERCENT OF TOTAL ENERGY CONSUMPTION. THEY DECIDED THAT EDF WOULD UNDERTAKE CONSTRUCTION SIX 1,000 MEGAWATT (ELECTRIC) PLANTS IN 1976 AND AGAIN IN 1977. THE PROGRAM FOR 1974/75 REMAINS UNCHANGED, A TOTAL OF 13 PLANTS OF ABOUT 1,000 MG CAPACITY TO BE PUT INTO CONSTRUCTION. THE PROGRAM FOR ORDERING REACTORS BEYOND 1978 IS UNDECIDED. STUDIES WILL BE CARRIED OUT OVER THE NEXT 6 MONTHS ON THE PROJECTED GROWTH OF ELECTRICITY CONSUMPTION, OPTIMUM PLANT SIZE, ENVIRONMENTAL AND SAFETY EFFECTS, ETC.

4. GOALS FOR PETROLEUM CONSUMPTION IMPLY CONTINUED STABILIZATION AND EVENTUAL DECREASE AS NUCLEAR POWER UNCLASSIFIED

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COMES ON STREAM. AIM IS TO REDUCE ROLE OF OIL FROM 66 PERCENT OF ENERGY CONSUMPTION TO APPROXIMATELY 40 PERCENT IN 1985. ACCORDING TO NEW GOF PROJECTIONS, CONSUMPTION OF OIL FOR ENERGY USES CAN BE REDUCED TO GOAL OF 96 MMT IN 1985--PROVIDED THAT ALL OTHER ENERGY SOURCES ARE AVAILABLE IN HOPED-FOR QUANTITIES BY THAT TIME. GOF PLANNERS HOPE TO BRING ABOUT DECREASED OIL CONSUMPTION THROUGH CONTINUATION OF RATIONING SYSTEM

FOR HOME HEATING OIL, PLUS INSTALLATION OF NEWLY  
DECIDED SYSTEM OF SURCHARGES AND REBATES DESIGNED TO  
SPEED REDUCTION OF HEAVY FUEL OIL USE BY INDUSTRY. OIL  
EXPLORATION IN CELTIC SEA IS TO BE PUSHED, AND GOF  
PLANNERS HAVE SOME HOPES FOR SIGNIFICANT FINDS  
ALTHOUGH THEY NOT COUNTED IN PROJECTIONS. MOREOVER,  
GREATER DIVERSIFICATION OF SOURCES TO BE SOUGHT THROUGH  
ENFORCEMENT OF DECISION THAT COUNTRY TO IMPORT NO MORE  
THAN 15 PERCENT OF ITS ENERGY REQUIREMENTS FROM ANY  
SINGLE COUNTRY. (AS SAUDI ARABIAN OIL CURRENTLY

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ACCOUNTS FOR ALMOST 20 PERCENT OF FRENCH ENERGY CONSUMP-

TION, MEETING THIS GOAL IN COMING YEAR WILL REQUIRE OIL COMPANIES--PARTICULARLY AMERICAN ONES--TO SHIFT SOURCES OF SUPPLY SOMEWHAT.) FINALLY, PLANNING COUNCIL REQUESTED FURTHER STUDY ON GOVERNMENT-OIL COMPANY RELATIONS AND POSSIBLE CHANGES IN LEGAL OR FINANCIAL REGIMES CURRENTLY IN FORCE.

5. ONE OF MORE STRIKING ELEMENTS OF NEW GOF PROJECT-IONS IS STRENGTHENED ROLE ASSIGNED TO COAL AND NATURAL GAS. ANNUAL COAL CONSUMPTION NOW PROJECTED TO REMAIN AT PRESENT LEVEL OF 30 MMTOE (45 MILLION TONS) THROUGH 1985 INSTEAD OF DROPPING TO 20 MMTOE RANGE AS PREVIOUSLY UNCLASSIFIED

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PLANNED. SINCE IT DOUBTFUL THAT FRENCH COALFIELDS CAN MAINTAIN, MUCH LESS INCREASE, PRESENT PRODUCTION WITHOUT LARGE NEW INVESTMENTS WHICH GOVERNMENT HAS SO FAR REFUSED TO MAKE, BULK OF DIFFERENCE WILL HAVE TO BE MET BY IMPORTS--PRIMARILY FROM POLAND AND US (WHERE FRENCH WILL INCREASE THEIR EFFORTS TO BUY COAL, BOTH ON LONG-TERM CONTRACT AND THROUGH PURCHASE OF MINES). INCREASED IMPORTS WILL ALSO HAVE TO FILL THE MAJOR PART OF PROJECTED 1985 GAS CONSUMPTION OF 37 MMTOE, AS THE COUNTRY'S DOMESTIC GAS RESERVES (PRODUCING APPROXIMATELY 7 MMTOE PER YEAR) ARE EXPECTED TO BE EXHAUSTED BY 1983. (WHETHER GAS AND COAL IMPORTS WILL BE AVAILABLE OR CAN BE OBTAINED BY FRANCE IN THE QUANTITIES BEING PREDICTED SEEMS SOMEWHAT QUESTIONABLE TO US. GOF IS CONSIDERING RELAXING PRESENT PRICING RESTRICTIONS WHICH HAVE HAMPERED GAS AND COAL COMPANIES IN THEIR SEARCH FOR ADDITIONAL IMPORT CONTRACTS.)

6. FINALLY, GOF PLANNERS HAVE PREDICTED THE AVAILABILITY OF 5 MMTOE PER YEAR OF ENERGY FROM NON-TRADITIONAL SOURCES, AND HAVE DESIGNATED NEW OFFICE IN THE MINISTRY OF INDUSTRY AND RESEARCH TO ENCOURAGE DEVELOPMENT OF SUCH NEW SOURCES. PRIMARY FRENCH HOPES IN THIS RESPECT APPEAR TO BE INCREASED UTILIZATION OF GEOTHERMAL RESOURCES, HEAT RECLAIMING, AND SOME SOLAR POWER, ALTHOUGH PLANS ARE STILL AT EARLY STAGE. HYDROELECTRIC CAPACITY ALSO EXPECTED TO BE RAISED SLIGHTLY ALTHOUGH ITS SHARE OF NATIONAL ENERGY PRODUCTION WILL REMAIN AT ABOUT 5 PERCENT IN 1985.

7. CONCLUSION: THE NEW PLANNING GOALS, THE GOF HAS EMPHASIZED, ARE VOLUNTARY AND MAY BE REVISED BY 1980 IN LIGHT OF RESULTS TO THAT DATE. THEY NONETHELESS REPRESENT THE CONSIDERED JUDGMENT OF THE GOF AS TO THE DIRECTIONS IN WHICH ENERGY POLICY SHOULD MOVE, AND THE COUNTRY'S CAPABILITIES TO GET THERE. GIVEN THE STRONG

ELEMENT OF NATIONAL CONTROL IN FRANCE'S ENERGY INDUSTRY,  
AND THE GOF'S INFLUENCE OVER THE REST OF THE ECONOMY,  
THE PLANNING GOALS ARE CAPABLE TO SOME EXTENT  
OF BECOMING SELF-FULFILLING PROPHECY. IN THEIR EMPHASIS  
ON REDUCED OIL IMPORTS, CONSERVATION IN ENERGY USE, AND  
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MAXIMUM DEVELOPMENT OF NEW ENERGY SOURCES, THEY PARALLEL  
IN LARGE MEASURE THE GOALS SET BY THE IEA AND INDICATE  
THE KIND OF SUPPLY AND CONSUMPTION OBJECTIVES THE GOF  
WOULD LIKE ITS EC PARTNERS TO ADOPT.  
STONE

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